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Nepra okays 93-paisa per unit fuel cost refund

Govt files application for 62-paisa cut in uniform tariff

By Khaleeq Kiani

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) on Thursday notified a fuel cost adjustment (FCA) relief of about 93 paise per unit for all distribution companies, including K-Electric, to be passed on to consumers in January bills for electricity consumed in November.

On the same day, the government filed a petition seeking the application of a uniform national average tariff based on a series of determinations issued by the power regulator, envisaging around 62 paise per unit lower rates from Jan 1, 2026, for the next six months.

Nepra fixed Jan 12 for a public hearing ahead of notification of revised base tariffs for all distribution companies, including K-Electric. It said the national average tariff had been determined at Rs33.38 per unit compared to Rs34 per unit in the first half of the current fiscal year.

In the FCA notification, Nepra said it had determined a negative fuel cost adjustment for November 2025 of Rs0.9326 per kilowatt-hour (kWh). The adjustment will apply to all consumer categories of K-Electric and other distribution companies except lifeline consumers, protected consumers, electric vehicle charging stations (EVCS) and prepaid consumers of all categories who have opted for prepaid tariffs.

The regulator said distribution companies would reflect the November FCA in the billing month of January 2026.

The Central Power Purchasing Agency (CPPA), on behalf of the Discos, had sought a 72 paise per unit negative FCA to consumers across the country in January bills despite almost 86 per cent generation from cheaper domestic, predominantly zero-cost fuel sources. The agency had worked out a Rs5.6bn FCA refund to consumers.

Nepra, after verifying data, worked out a reduction of 93 paise per unit, or about Rs7.3bn refund. The CPPA, which filed the petition for negative FCA for November usage, said power consumption was around 1.25pc higher than in the same month last year and about 18pc lower than the previous month, ie October 2025.

It said 7,813 gigawatt-hours (GWh) were delivered to distribution companies in November.

The power companies said the average fuel cost came to Rs6.16 per unit in November, compared with Rs8.72 per unit in October and Rs7.23 per unit in November 2024. The reference fuel cost for November had been set at Rs6.88 per unit.

According to CPPA's petition, about 8,050GWh of electricity was generated in November at an estimated fuel cost of Rs50.1bn (Rs6.22 per unit). Of this, 7,813GWh was delivered to distribution companies at a cost of Rs48bn (Rs6.16 per unit), leading to savings of 72 paise per unit to be refunded to the consumers.

KCCI unhappy over gas tariff freeze, seeks price cuts

FPCCI links economic stability to improved security, supports SIFC

KARACHI: While the main apex business body is upbeat over economic prosperity, the leadership of the Karachi Chamber of Commerce and Industry (KCCI) on Thursday criticised the government's decision to freeze gas tariffs for six months, calling it a projected relief that falls short of the industry's expectations.

In a statement, Businessmen Group (BMG) Chairman Zubair Motiwala and KCCI President Rehan Hanif said the business community had consistently called for a substantial reduction in gas tariffs to bring down the cost of doing business.

They said the actual cost of indigenous gas hovers around Rs1,800 per million British thermal units (mmBtu), yet industries — particularly captive power plants — are being charged approximately Rs4,000 per mmBtu, which is "wholly unjustifiable and economically damaging".

Gas supplied to small and medium enterprises (SMEs) for heating and process-related purposes is being billed at an "excessively high rate" of around Rs2,300 per mmBtu, forcing many units to shut down and causing unemployment, they said.

They also raised alarm over the unannounced increase in RLNG mix in gas supply to industries. While industries were earlier informed of a 10 per cent RLNG mix, recent gas bills reflect that this proportion has been increased to 20pc, significantly raising the cost of gas, they added.

The KCCI leadership urged the government to immediately revisit its gas pricing policy, rationalise tariffs in line with actual costs, reverse the unjustified increase in RLNG mix and deliver real relief to industry.

Meanwhile, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Atif Ikram Sheikh attributed recent economic stability and improvements in macroeconomic indicators to an improved security environment.

He said economic prosperity was closely linked to national security and praised initiatives such as the SIFC for supporting foreign and domestic investment.—Staff Reporter

US DOLLAR	BUYING Rs280.43 SELLING Rs281.10	EURO	BUYING Rs327.28 SELLING Rs330.29
GBP	BUYING Rs377.10 SELLING Rs380.45	UAE DIRHAM	BUYING Rs76.49 SELLING Rs77.24
KSA RIYAL	BUYING Rs74.81 SELLING Rs75.39	GOLD	TOLA Rs466,162 10 GMS Rs399,658

Super tax may trigger arbitration, warn exploration firms

Ask SIFC to intervene, cite fiscal stability clauses in petroleum concession agreements

By Nasir Iqbal

ISLAMABAD: The Pakistan Petroleum Exploration and Production Companies Association (PPEPCA) on Thursday warned that the imposition of super tax could affect the financial viability of exploration and production (E&P) companies and undermine Pakistan's decades-long efforts to attract foreign investment in the oil and gas sector.

In a two-page letter to Special Investment Facilitation Council (SIFC) Secretary Jamil Ahmad Qureshi, the association said foreign and even local investors would be reluctant to commit billions of dollars to high-risk, long-term upstream projects if foundational fiscal terms could be altered unilaterally.

It said investors accepted such risks because petroleum concession agreements (PCAs) provided fiscal stability, and that removing this certainty retrospectively would be "fundamentally unfair" and economically unviable.

The association's concerns come as the Federal Constitutional Court (FCC) hears appeals arising from judgements of the Sindh, Lahore and Islamabad high courts on the levy of super tax through Sections 4B and 4C of the Income Tax Ordinance, 2001, through the Finance Act, 2015.

The super tax was introduced in 2015 through a money bill, with the stated purpose of financing the rehabilitation of areas affected by Operation Zarb-i-Azb.

The letter, signed by PPEPCA Secretary General Ibrar Khan and also sent to the Ministry of Energy (Petroleum Division) and Additional Attorney General Munawar Iqbal Duggal, said PCAs contain dispute resolution clauses that allow for international arbitration.

The association cited the Reko Diq and Karkey disputes, stressing that Pakistan had faced heavy financial liabilities in cases linked to alleged violations of legal protections and contractual commitments.

"If the federation insists on imposing a super tax at rates above those set out in statutorily protected PCAs, then there is a distinct possibility that at least some of the association members may invoke the dispute resolution clauses," the letter said.

As a result, "the potential liability could run into billions of dollars, further straining Pakistan's already precarious fiscal position, damaging the sovereign credit rating, discouraging all future FDI (foreign direct investment) and undermining Pakistan's reputation in international capital markets," it added.

The letter said the government had taken decisions "at the highest level" to encourage foreign and multinational investment in Pakistan's oil and mineral resources, and warned that any perception that statutory and contractual assurances to E&P companies could be disregarded would harm those plans.

The association urged the SIFC to intervene to ensure the government honoured these "legally binding obligations", saying each day the matter remained unresolved increased the risk of international arbitration and damaged Pakistan's standing.

Ministry begins pre-budget talks with investors

ISLAMABAD: The Tax Policy Office (TPO) of the Ministry of Finance has launched its pre-budget consultations from Karachi, initiating discussions with office-bearers of the Overseas Investors Chamber of Commerce and Industry (OICCI) and the Pakistan Business Council (PBC) to promote constructive engagement on tax policy challenges and reform priorities affecting the country's investment climate.

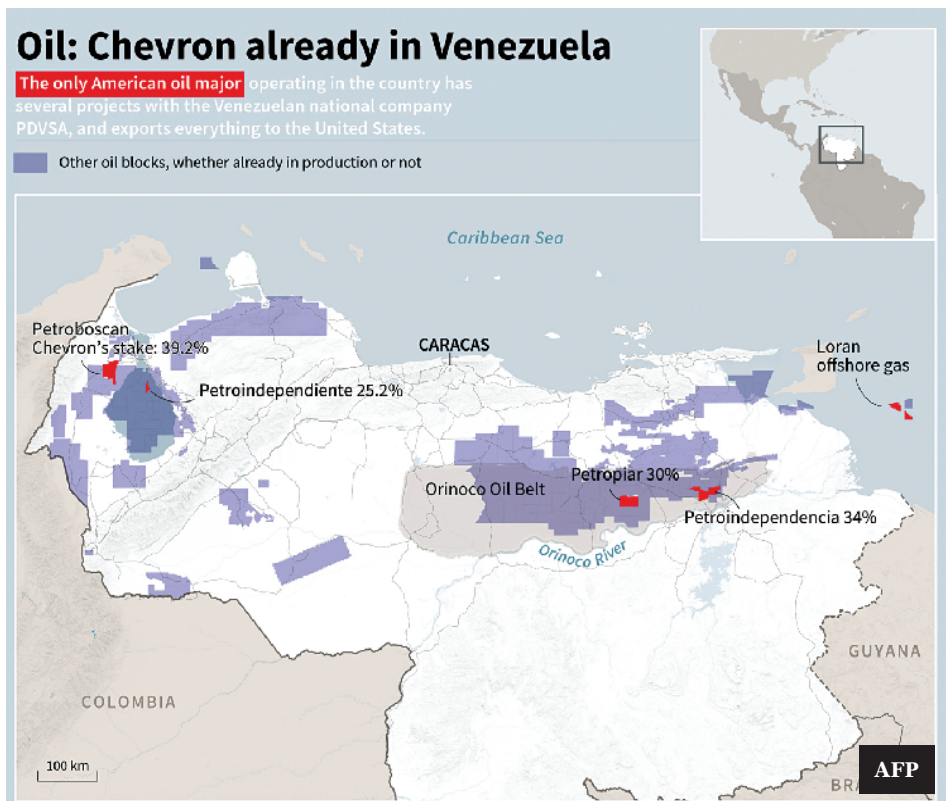
The OICCI, the collective body representing the country's top 200 foreign investors, hosted TPO Director General Dr Najeeb Memon on Thursday for an interactive session with its members. This was followed by a separate consultation with members of the PBC.

OICCI President Yousaf Hussain said that a consultative, well-signalled, medium-term tax policy framework focused on broadening the tax base, simplifying compliance and aligning taxation with national priorities such as investment, exports and job creation would significantly improve investor sentiment and support sustainable economic growth.

OICCI Secretary General M. Abdul Aleem emphasised the importance of tax reforms in sustaining investor confidence. "Foreign investors are increasingly looking beyond short-term stabilisation towards structural reforms," he said.

Najeeb Memon appreciated the quality of engagement with OICCI members and assured participants that stakeholder input remains central to effective tax policymaking.

The discussion focused on understanding private sector challenges, identifying distortions in the existing tax regime and shaping tax policies that support investment, competitiveness and the formalisation of the economy.—Mubarak Zeb Khan



IT ministry sets dollar rate, terms for spectrum auction

ISLAMABAD: The Ministry of IT and Telecom has acknowledged key demands of the telecom sector in its policy directive for the auction of next-generation mobile spectrum by fixing the dollar rate and determining interest rates based on benchmarks issued by the State Bank.

Following the issuance of the policy directive, the Pakistan Telecommunication Authority (PTA) is expected to release the information memorandum (IM) for telecom operators and new entrants to participate in the upcoming spectrum auction.

Under the policy framework, spectrum fees have been fixed in dollars, while the exchange rate will be determined at the closing National Bank of Pakistan's TT selling rate prevailing on the day preceding the auction date.

A minimum of 50 per cent of the spectrum fee will be payable within one year from the date of licence issuance. The remaining 50pc will be payable in five equal annual instalments at KIBOR offer rate plus 3pc.

Previously, interest rates were based on the London Interbank Offered Rate under the 2021 policy directive issued by the IT ministry. Under the new framework, licences will be issued for a period of 15 years. The PTA is expected to issue the IM shortly for telecom operators and any potential new entrants.

The auction will be conducted by the PTA for 15 MHz paired spectrum in the 700 MHz band, 3.6 MHz paired spectrum in the 1800 MHz band, 20 MHz paired spectrum in the 2100 MHz band, 50 MHz unpaired spectrum in the 2300 MHz band, 190 MHz unpaired spectrum in the 2600 MHz band, and 280 MHz unpaired spectrum in the 3500 MHz band.

The base prices for the various spectrum bands have been set at $6.5 million for 1 MHz paired spectrum in the 700 MHz band, $14m for 1 MHz paired spectrum in both the 1800 MHz and 2100 MHz bands, $1m for 1 MHz unpaired spectrum in the 2300 MHz band, $1.25m for 1 MHz unpaired spectrum in the 2600 MHz band, and $0.65m for 1 MHz unpaired spectrum in the 3500 MHz band.

At the same time, the IT ministry has taken note of broader concerns of the telecom industry and has asked the federal government to take measures in consultation with relevant stakeholders.

It has suggested that to enhance the market penetration of 5G-compatible smartphones, taxes should be reduced to promote local manufacturing. Another proposal is to allow duty-free import of 5G equipment to accelerate adoption.

The IT ministry has also asked the government to implement an industrial power tariff for the telecom sector through a joint task force comprising the ministry, Power Division, Nepra, PTA, telecom operators and power distribution companies.

The PTA has obligated PTCL to participate in the upcoming spectrum auction, while Jazz has welcomed the policy directive.

Kazim Mujtaba, president of Jazz's consumer division, said that long-standing structural challenges faced by the telecom sector have been addressed, adding that these will translate into tangible progress, enabling sustained investment, network expansion and the delivery of affordable, high-quality connectivity nationwide.—Kalbe Ali

Forex coffers rise to $16bn, highest level since FY21

By Shahid Iqbal

KARACHI: The State Bank's foreign exchange reserves have risen to $16 billion — the highest level since FY21.

Analysts say the development sends out a strong message about the stability of the exchange rate regime.

According to the central bank, reserves stood at their highest level — $17.29bn — in FY21. Since then reserves have kept falling, recording a low of $4.44bn in FY23. The country was not far from default at the time.

The State Bank reported that reserves increased by $141 million to $16.055bn during the week ending Jan 2, 2026. The total liquidity held by the country stood at $21.19bn, while the net holdings of commercial banks were recorded at $5.136bn.

Since most developing countries borrow heavily from international financial institutions, they must keep strong dollar reserves so that they can repay the loans in time.

Pakistan is no exception. It had to pay $26bn for debt servicing in FY25 and needs to cough up almost the same amount in FY26.

The central bank kept buying dollars from the inter-bank currency market on a massive scale during the last financial year. A record inflow of remittances also helped in this regard.

Since June 2025, the reserves have kept improving gradually. The forex reserves stood at $14.5 at the time and hovered around the same figure for the next three years. The reserves broke this barrier by registering $15.88bn on Dec 12. Over the next 20 days, the reserves crossed the $16bn mark, placing the country in a comfortable position, for now.

Vehicles, other goods seized during raids

ISLAMABAD: Customs authorities have seized vehicles worth an estimated Rs158 million and other items worth Rs128m in raids at Quetta and Peshawar.

FBR said on Thursday the Collectorate of Customs Enforcement seized a number of non-customs paid vehicles during a raid on a showroom in Quetta, while in Peshawar, the collectorate seized a large consignment of smuggled cigarettes worth Rs48m. —Staff Reporter

Bears return to PSX after record run

Index retreats after surging for five sessions

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) on Thursday snapped its five-session record-setting rally as bears returned to the trading floor, prompting a bout of profit-taking that kept the benchmark KSE-100 index from scaling a fresh milestone.

After five consecutive sessions of strong gains, the market witnessed a measured pullback as investors opted to lock in profits at elevated levels. According to Topline Securities, despite the selling pressure, overall sentiment remained constructive, with the benchmark opening firmly and surging to an intraday high of 1,386 points.

However, momentum waned in the latter half of the session as profit-taking intensified, dragging the index to an intraday low of 1,319 points. The KSE-100 eventually closed at 185,543, down 975 points, or 0.52 per cent. Analysts described the retreat as largely technical, signalling consolidation rather than a reversal of the broader bullish trend that has underpinned the recent rally.

On the positive side, Adamjee Insurance, National Bank, Pak Elektron, Fauji Fertiliser Company and Mari Energies collectively added 384 points to the index. These gains were outweighed by declines in heavyweight stocks, including Engro Holdings, United Bank, Meezan Bank, Systems Ltd and Pakistan Petroleum Ltd, which together shaved 986 points off the benchmark.

Market participation remained robust. Total traded volume rose to 1.421 billion shares, while traded value increased to Rs90.99 billion compared with the previous session. Agha Steel topped the volume chart, with around 131 million shares changing hands.

Ali Najib, deputy head of trading at Arif Habib Ltd, noted that following a sharp rally of 12,464 points, or 7.2pc, over the first five sessions of calendar year 2026, the PSX recorded its first profit-taking session. He said the index had initially touched an intraday high of 187,905 points before selling pressure at higher levels erased earlier gains and pushed the market into negative territory by the close.

On the policy front, reports of discussions between Pakistan and Saudi Arabia on converting around $2 billion of Saudi loans into a fighter jet deal, centred on JF-17 Thunder aircraft, also featured in market chatter. Separately, the government's plan to deregulate the sugar sector as part of IMF-backed structural reforms remained in focus.

Looking ahead, analysts cautioned that further downside could not be ruled out in the near term, with the 184,000-185,000 range expected to serve as the first support zone.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
Unilever Foods	121.94	PIA Holding CoB	351.67	Agha Steel Ind	131.87
PNSC	51.71	Khyber Textile	60.76	Pak Elektron Ltd	76.29
Rafhan Maize	49.08	Nestle Pakistan	33.76	Hascol Petroleum	59.90
Abbott Lab	48.27	D.M. Corporation	23.94	Bank Makramah	57.65
Haleon Pakistan	43.46	Pakistan Services	16.96	Treet Corporation	54.05

(Share values in rupees) * Volume in millions of traded shares

INDICATORS	Thursday	Previous	Change
KSE 100-SHARE INDEX (Points)	185,543.01	186,518.72	▼ 975.71
KSE 30-SHARE INDEX (Points)	56,998.00	57,477.09	▼ 479.09
MARKET CAPITAL (Rs billion)	20,862.435	20,905.554	▼ 43.119
TRADING VALUE (Rs billion)	91.335	86.586	▲ 4.749

ACTIVITY

Total listed	532
Active	481
Gainers	209
Losers	245

PARTICIPANTS

Foreign	▼$3.69m
Companies	▲$7.05m
Banks	▼$19.58m
Mutual Funds	▲$4.57m
Individuals	▲$5.30m